STATUS OF CLAIMS

Claims 1-26 are pending.

Claims 1-26 stand rejected.

REMARKS

Change of Correspondence Address

Applicant has included herewith a form PTO/SB/122, requesting that all further

correspondence be directed to the address associated with PTO Customer Account 45722.

Information Disclosure Statement

Applicant has included herewith an Information Dislosure Statement, Form PTO-1449,

and a copy of the reference (US Patent 5,991,733) together with a check in the amount of

$180.00 to cover the filing fee.

35 U.S.C. 103(a) Rejections

Claims 1-26 stand rejected under 35 U.S.C. §103(a), as being unpatentable over the

John article ("Technology: Unlocking the Neural Network", John Mutch, Risk and Insurance,

Jan. 1999) in view of the Leslie article ("High Tech Sleuths", Leslie Hann, Best's Review,

Nov. 1998). Applicant traverses these rejections for at least the following reasons.

The Examiner is charged with ensuring the standard of patentability enunciated by the

Supreme Court and Congress is applied in the subject application. *See, MPEP §2141.* With

respect to 35 U.S.C. §103(a), it is United States Patent and Trademark Office policy to follow

Graham v. John Deere (commonly referred to as applying the Graham factual inquiries). *383*

U.S. 1, 1248 USPQ 459 (1966). See, MPEP §2141.

However, before applying the Graham factual inquiries, it is proper to first determine whether a reference is even in the "prior art" under 35 U.S.C. §102, as subject matter that is prior art under 35 U.S.C. §102 can be used to support a rejection under 35 U.S.C. §103(a). *See, MPEP §2141.01, see also, Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1568, 1 USPQ2d 1593, 1597 (Fed. Cir.), cert. denied, 481 U.S. 1052 (1987).*

To serve as a 35 U.S.C. §102 reference, that reference must <u>enable</u> the subject matter it is asserted to teach. *See, Amgen, Inc. v. Hoechst Marion Roussel, Inc., 314 F.3d 1313, 1354, 65 USPQ2d 1385, 1416 (Fed. Cir. 2003) ("A claimed invention cannot be anticipated by a prior art reference if the allegedly anticipatory disclosures cited as prior art are not enabled.").* Put another way, an effective 35 U.S.C. §102 reference <u>must enable</u> one of skill in the art to make and use the claimed invention. *See Bristol-Myers Squibb v. Ben Venue Laboratories, Inc., 246 F.3d 1368, 1374, 58 USPQ2d 1508, 1512 (Fed. Cir. 2001) ("To anticipate the reference must also enable one of skill in the art to make and use the claimed invention."); PPG Industries, Inc. v. Guardian Industries Corp., 75 F.3d 1558, 1566, 37 USPQ2d 1618, 1624 (Fed. Cir. 1996) ("To anticipate a claim, a reference must disclose every element of the challenged claim and enable one skilled in the art to make the anticipating subject matter.").*

Pending Claims 1, 21, 22, 24 and 25 of the subject application are independent in form. Each of the other pending claims ultimately depends from one of these independent claims.

Claim 1 recites:

> A computerized method for identifying select ones of insurance records which possess a favorable subrogation potential, the method comprising the steps of:
> employing a computer for:
> receiving data indicative of a plurality of claims;
> automatically calculating a base score to identify select ones of the claims which demonstrate at least a given probability

of expected subrogation recovery dependently upon the received data;

automatically identifying risk factors for each of the select claims; and,

automatically scoring each of the select claims dependently upon the base scores and identified risk factors to provide a value indicative of an expected subrogation recovery; outputting the resulting value.

Claim 21 recites:

A computerized system for identifying select ones of insurance records which possess a favorable subrogation potential, the system comprising: at least one computing device for receiving data indicative of a plurality of claims; and, a computer readable medium being accessible to said computing device, said computer readable medium comprising:

a sequence of directions for automatically calculating a base score to identify select ones of the claims which demonstrate at least a given probability of expected subrogation recovery dependently upon the received data using said at least one computing device;

a sequence of directions for automatically identifying risk factors for each of the select claims using said at least one computing device; and,

a sequence of directions for automatically scoring each of the select claims dependently upon the base scores and identified risk factors to provide a value indicative of an expected subrogation recovery using said at least one computing device; and a means for outputting the value.

Claim 22 recites:

A computerized method for identifying select ones of insurance records which possess a favorable subrogation potential, the method comprising the steps of:

receiving from a computer data base data indicative of a plurality of claims;

automatically calculating a base score to identify select ones of the claims which demonstrate at least a given probability of expected subrogation recovery dependently upon the received data;

automatically identifying risk factors for each of the select claims; and,

automatically scoring each of the select claims dependently upon the base scores and identified risk factors to provide a value indicative of an expected subrogation recovery.

Claim 24 recites:

A computerized method for identifying select ones of insurance records which possess a favorable subrogation potential, the method comprising the steps of:
receiving from a computer data base data indicative of a plurality of claims;
automatically calculating a base score to identify select ones of the claims which demonstrate at least a given probability of expected subrogation recovery dependently upon the received data;
automatically identifying risk factors for each of the select claims; and,
automatically scoring each of the select claims dependently upon the base scores and identified risk factors to provide a value indicative of an expected subrogation recovery;
providing a user interface; and,
extracting the data from the user interface.

And, Claim 25 recites:

A computerized system for identifying select ones of insurance records which possess a favorable subrogation potential, the system comprising: at least one computing device for receiving data indicative of a plurality of claims; and, a computer readable medium being accessible to said computing device, said computer readable medium comprising:
a computer for executing a sequence of directions for automatically calculating a base score to identify select ones of the claims which demonstrate at least a given probability of expected subrogation recovery dependently upon the received data using said at least one computing device.
a sequence of directions for automatically identifying risk factors for each of the select claims using said at least one computing device; and,
a sequence of directions for automatically scoring each of the select claims dependently upon the base scores and identified risk factors to provide a value indicative of an expected subrogation recovery using said at least one computing device.

Each of the claims recited in the present application are fully supported by applicant's specification, which enables one of ordinary skill in the pertinent arts to make and use the claimed invention.

In contradistinction, a detailed review of the John and Leslie articles clearly reveals that neither article sufficiently enables one of ordinary skill in the art to make and use a computerized system for identifying select ones of insurance records which possess a favorable subrogation potential – no less each of the recited steps of each of the pending claims. The principles underlying application of the criteria for enablement to the content of the prior art were discussed in *In re Donohue*, which states that in order to be effective prior art a disclosure:

> must sufficiently describe the claimed invention to have placed the public in possession of it. Such possession is effected if one of ordinary skill in the art could have combined the publication's description of the invention with his own knowledge to make the claimed invention. **Accordingly, even if the claimed invention is disclosed in a printed publication, that disclosure will not suffice as prior art if it is not enabling**. *766 F.2d 531, 226 USPQ 619 (Fed. Cir. 1985), as cited by Elan Pharmaceuticals v. Mayo Foundation,(Fed. Cir) (2003) (emphasis added).*

In other words, publication alone is <u>not</u> sufficient to qualify the John and Leslie disclosures as "prior art", as the John and Leslie disclosures must give possession of the claimed invention to a person of ordinary skill in order to suffice as "prior art". *See, e.g., In re Borst, 345 F.2d 851, 855, 145 USPQ 554, 557 (CCPA 1962).* The John and Leslie articles fail, in any combination, to satisfy the enablement requirement, and hence fail to qualify as effective prior art for purposes of the claimed invention. Hence, these articles cannot be properly relied upon as actually teaching any of the limitations of the present invention.

Turning first to the John article, a detailed review reveals it is totally devoid of technical teaching. Instead, John merely presents a generalized discussion of efforts to develop software systems. John fails to enable one possessing an ordinary skill in the art to make or use any of the systems identified in John and asserted to be under "testing" or "development", no less the presently claimed invention.

The Office action relies upon page 3, paragraphs 7-14 of the John article. For purposes of clarity, these paragraphs read, in their entirety, as follows.

Predictive software solutions can be deployed in risk management and insurance in most situations in which decisions need to be made based on a large volume of data. For example, predictive software solutions can be developed to:

Determine the critical manage/don't manage decision for case management of group health and workers' compensation claims and quantifying the value of the case management process. Nurses and adjusters spend their time more efficiently, managing only those cases for which it is cost-effective to do so.

Determine the potential for subrogation on medical, auto, and other types of claims.

Detect fraud earlier and more accurately than any other method currently available.

Provide an objective and automated means of assessing risk for insurance underwriting.

Identify what customers can use which products, based on the customer's behavior in real-time.

The Next Generation

Context vector analysis is considered the next generation in predictive software solutions. Context vector analysis is new, powerful technology that provides the ability to characterize the content of free-text information; for example, an e-mail, a set of nurses' notes, an adjuster's report; and interpret that text

in mathematical terms. These mathematical representations, called "vectors," can be matched to libraries of other mathematically represented information, such as specific health care directives, customer service information and new product offerings. Context vectors can be applied to:

Automate responses to incoming electronic communications like e-mails, an important step in improving efficiencies as interactive communications and transactions over the Web increase. (emphasis added)

Thus, the relied upon portions of the John article merely teach that predictive software solutions to determine the potential for subrogation on medical, auto, and other types of claims could be developed, and does not, in any way, teach a skilled artisan how to make or use any such system. There is no discussion as to what processes may be used to achieve such lofty goals, no flow diagrams, software programs, implementation, algorithms, functional blocks, or any other mechanism by which one of ordinary skill in the art, upon reading the reference, would be able to make and use such systems.

Thus, and contrary to the assertions of paragraph 4(A) of the Office action, John fails to teach a computerized method for identifying select ones of insurance records which possess a favorable subrogation potential, but rather merely indicates that predictive software solutions to determine the potential for subrogation could be developed.

The relied upon portions of the John article are similarly devoid of any technical teachings regarding receiving data indicative of a plurality of claims in such a computerized method either, and instead merely propose that predictive software solutions for determining the potential for subrogation could be developed and allege that so-called "context vector analysis" is the "next generation", (i.e., not current technology), that can be applied.

The Leslie article fails to remedy these critical shortcomings of the John article. Like the John article, the Leslie article is also devoid of technical teachings, instead merely summarizing what different companies purportedly are developing and plan to develop. Like the John article, the Leslie article fails to teach a skilled artisan how to make and use any of the systems discussed therein, no less the claimed invention.

The Office action relies upon page 3, paragraph 4 – page 5, paragraph 1 of the Leslie article. For purposes of clarity, these paragraphs read, in their entirety, as follows.

> The VeriComp Claimant Fraud and Abuse Detection System software scores all open claims weekly based on 62 factors. The system automatically alerts adjusters to claims that score 500 or more, and the claims that hit 800 are automatically referred to a special investigator, Short said. The notices indicate why the system flagged the claim as potentially fraudulent, he said.

> The system does not replace adjusters or investigators, Short said. It's just a tool that helps them identify the cases that are most likely to be fraudulent.

> "In addition to being a fraud-detection system, from an operations standpoint, it's a management tool because we can use our resources better than before because we are not wasting time on cases that aren't fraudulent, he said. It's identifying about 25% more cases that are potentially fraudulent and is finding fewer "false positives," Short said. The system uses the same "neural network modeling" that HNC Software uses to detect credit-card fraud, said Sean Downs, president of HNC's workers' compensation division.

> "It develops real-time fraud profiles based on the payment transactions that come in on a claim," Downs said.

> By running weekly reports, Short said, his investigators have a better chance of finding potential abuses faster. When Workers' Compensation Fund of Utah was testing VeriComp, the system identified the fraud sooner than claims adjusters did 67% of the time, Downs said. The system found fraud an average of six months sooner, saving an average $13,500 per claim, he said.

> HNC is working with insurers to build other fraud, detection systems using the same technology, Downs said. Reliance Insurance Group, Philadelphia, will test four modules in addition to one like the Utah company is using, he said. They are workers' comp employer premium fraud' automobile insurance fraud; and automobile and workers' comp subrogation "Cigna s workers' comp unit is testing a module that scores claims on" the probability of managed-care savings, Downs said.
>
> The employer premium module would look for employers that misclassify employee or suppress payroll to fraudulently obtain lower premiums, Downs said. The subrogation module would score claims based on the probability that a third party could recover money. Most of the modules are under construction.

Thus, the relied upon portions of the Leslie article merely teach that neural network modeling used to detect credit-card fraud could somehow be used to score open claims based upon undesignated factors. Leslie further alleges that analogous workers' comp fraud, automobile insurance fraud and automobile and workers' comp subrogation modules are being tested. However, such assertions simply fail to teach a skilled artisan <u>how</u> to make or use any such system – and certainly fail to teach the invention as recited in the present claims.

Contrary to the assertions of paragraph 4(A) of the Office action, Leslie fails to teach, or suggest, automatically calculating a base score to identify select ones of the claims which demonstrate at least a given probability of expected subrogation recovery dependently upon the received data; automatically identifying risk factors for each of the select claims; and, automatically scoring each of the select claims dependently upon the base scores and identified risk factors to provide a value indicative of an expected subrogation recovery.

Instead, the relied upon portion of the Leslie article merely asserts that "[t]he subrogation unit would score claims based on the probability that a third party could recover money, and that such a module may, or may not, have been under construction – in at least that it admits that not all of these modules were even under construction at the time. That is, the Leslie article, like the John article, merely alleges that such a computerized method could be made, and does nothing to enable a skilled artisan to make and use such a module, no less the claimed invention.

Further, it should be noted that with respect to scoring, the Leslie article merely teaches that a software "scores all open claims weekly based on 62 factors", alerts adjusters to claims that score 500 or more, and refers claims that score 800 or more to investigators as potentially fraudulent. The Leslie article provides no guidance whatever with regard to calculating base scores, identifying risk factors, and scoring each of the select claims dependently upon the base scores and identified risk factors to provide a value indicative of an expected subrogation recovery.

Further, with regard to outputting the resulting value, the Leslie article's quoting of a 1996 study that reports "fraudulent claims in workers' compensation easily outstrip those in the other lines of business" has nothing to do therewith. Rather, this merely indicates that fraudulent claims are particularly troublesome with regard to workers compensation as compared to other business lines.

By way of further support, Applicant has attached hereto the Declaration of Donald R. Pierce. Mr. Donald R. Pierce received his Bachelors degree in Accounting from the University of Connecticut. Mr. Pierce currently works for the assignee of the subject

application, The Hartford Fire Insurance Company. Mr. Pierce has 18 years of experience in developing insurance related computer systems and methods.

This Declaration states that upon information and belief, the assignee of the subject application has expended in excess of $6 Million, over the course of 13 years in developing a system according to the subject application. This Declaration also states that Mr. Pierce has studied the John and Leslie articles, and in his opinion, these articles fail to present any meaningful guidance whatsoever with regard to how to make and use a system and method according to the subject application. Finally, the Declaration goes on to state that Mr. Pierce has read and understands each of the pending claims in the subject application, and that in Mr. Pierce's opinion, the John and Leslie articles fail, in any combination, to give possession of any of the claimed inventions to one possessing an ordinary skill in the insurance computer system design and/or programming arts.
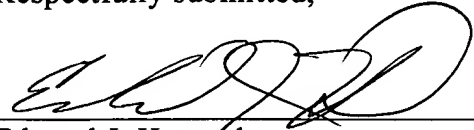
Accordingly, Applicant respectfully requests reconsideration and removal of the rejections of each of the present claims, as a *prima facie* case of obviousness has not been met, at least by virtue that neither the John article nor the Leslie article are proper "prior art" references by reason of non-enablement.

CONCLUSION

Applicant believes he has addressed all outstanding grounds raised in the outstanding Office action, and respectfully submits the present case is in condition for allowance, early notification of which is earnestly solicited.

Should there be any questions or outstanding matters, the Examiner is cordially invited and requested to contact Applicant's undersigned attorney at his number listed below.

Respectfully submitted,

Dated: October 21, 2005

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